



MVC Capital Announces Fourth Quarter and Full Year 2018 Results

January 14, 2019

PURCHASE, N.Y., Jan. 14, 2019 (GLOBE NEWSWIRE) -- MVC Capital, Inc. (NYSE:MVC) (the Company), a publicly traded business development company (BDC) that makes private debt and equity investments, announced its financial results for the fiscal fourth quarter and full year ended October 31, 2018.

Financial Results

For the fourth quarter of fiscal 2018, the Company earned interest income of \$5.1 million and dividend and fee income of \$0.8 million, compared to \$4.4 million and \$1.1 million, respectively, for the same quarter of fiscal 2017.

The Company reported total operating income of \$6.0 million for the fourth quarter of fiscal 2018, compared to \$5.5 million for the fourth quarter of fiscal 2017. The Company reported net operating income of \$1.7 million for the fourth quarter of fiscal 2018, compared to \$2.1 million for the same quarter in fiscal 2017.

For the fiscal year 2018, the Company earned interest income of \$19.4 million, (including \$3.6 million of deferred interest income), and dividend and fee income of \$3.5 million, compared to \$16.6 million and \$3.5 million, respectively, for the fiscal year 2017.

The Company reported total operating income of \$22.9 million for the fiscal year 2018, compared to \$20.1 million for the fiscal year 2017. The Company reported net operating income of \$3.8 million for the fiscal year 2018, compared to a net operating loss of \$5.6 million for the fiscal year 2017.

As of October 31, 2018, the Company's net assets were \$226.7 million or \$12.46 per share, compared with \$237.6 million or \$12.62 per share at the end of the prior fiscal quarter.

As of October 31, 2018, MVC had investments in portfolio companies totaling \$324.5 million and cash and cash equivalents of \$15.9 million, including \$5.3 million in restricted cash.

At October 31, 2018, there were no outstanding borrowings under MVC's revolving credit facility with Branch Banking and Trust Company ("BB&T") and there were no outstanding borrowings under its credit facility with Santander Bank N.A. ("Santander").

Key Financial Metrics

(Unaudited)(\$ in thousands, except per share data)	Quarter Ended				
	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Total operating income	5,967	6,211	5,500	5,207	5,490
Management fee	1,496	1,487	1,496	1,411	1,335
Portfolio fees - asset management	122	112	148	147	148
Management fee - asset management	81	70	66	67	67
Administrative	922	1,070	856	1,295	983
Interest, fees and other borrowing costs	2,238	2,403	2,981	3,117	2,495
Loss on extinguishment of debt	-	-	-	1,783	-
Net Incentive compensation	-	(1,316)	(1,012)	267	(1,224)
Total waiver by adviser	(598)	(595)	(599)	(390)	(372)
Tax expense	1	-	1	-	1
Net operating income (loss) before net realized and unrealized gains	1,705	2,980	1,563	(2,490)	2,057
Net (decrease) increase in net assets resulting from operations	(2,220)	(5,870)	(3,393)	950	(4,028)
Net (decrease) increase in net assets resulting from operations per share	(0.10)	(0.32)	(0.18)	0.05	(0.17)
Net asset value per share	12.46	12.62	13.09	13.42	13.24

Operational Update & Portfolio Activity For Fiscal 2018

- NAV was \$12.46 per share as of October 31, 2018, compared to \$12.62 per share as of July 31, 2018.
- Total operating income increased to \$22.9 million for the year ending October 31, 2018, a 14% increase over fiscal year 2017.
- The Company made six new investments totaling \$41.5 million and eight follow-on investments totaling \$20.8 million during the fiscal year. The new investments were made in Essner Manufacturing (\$3.7 million), Black Diamond Equipment Rental (\$7.5 million), Apex Industrial Technologies, LLC (\$15.0 million), Array Information Technology, Inc. (\$6 million), Tuf-Tug, Inc. (\$5.6 million) and Tin Roof Software, LLC (\$3.7 million). The eight follow-on investments were made in U.S. Spray Drying Holding Company, Initials, Inc. Turf Products, LLC, Custom Alloy Corporation, MVC Automotive Group GmbH,

RuMe, Inc., Trientis GmbH and Security Holdings B.V.

- The weighted average yields on the fourth quarter new originations was 13.36% and the leverage at the time of underwriting was under 3.0X.¹
- During fiscal 2018, the Company acquired approximately 2.3 million shares of its common stock at \$10.90 per share via a modified “Dutch Auction” Tender Offer at an aggregate cost of \$25 million. Also, during fiscal 2018, the Company made open market repurchases of its shares totaling \$5.9 million at an average cost of \$9.45 per share, including commissions. The Company plans to continue to repurchase shares to complete the \$10 million share repurchase program announced in September 2018.
- The shares repurchased, including those repurchased in the “Dutch Auction” Tender Offer during fiscal 2018, resulted in approximately \$.37 of NAV accretion during the year.

Dividends

On October 15, 2018, the Company's Board of Directors declared a dividend of \$0.15 per share, which was paid on October 31, 2018 to shareholders of record on October 25, 2018.

Since implementing its dividend policy in July of 2005, MVC has paid fifty-five consecutive quarterly dividends, which have increased over time. Through January 9, 2019, dividends paid total approximately \$7.44 per share and total distributions to shareholders under the current team have surpassed \$272 million, including buy backs and tender offers.

The Company continues to make yielding investments to help support and ultimately seek to grow its distributions to shareholders.

Subsequent Events

On November 9, 2018, Custom Alloy repaid its first lien loan and on November 13, 2018 repaid its \$1.4 million second lien loan, both with all accrued interest.

On November 28, 2018, the Company announced the extension of its Repurchase Program beyond December 31, 2018 until the full \$10 million of shares are repurchased. As of January 14, 2019, the Company has repurchased a total of approximately \$9.2 million² of stock since September 2018.

On December 7, 2018, the Company and an affiliated private fund co-invested in second lien notes and common stock issued by GTM Intermediate Holdings, Inc. The Company invested approximately \$1.5 million in such notes, with a cash interest rate of 11% plus 1% PIK and a maturity date of June 7, 2024, and \$346,000 in shares of common stock, which are held through a holding company.

On December 7, 2018, the Company's Credit Facility with Santander Bank NA (“Credit Facility III”) was renewed until March 9, 2019.

On December 27, 2018, the Company received proceeds from the MVC Private Equity Fund L.P. (“PE Fund”) related to the sale of Plymouth Rock Energy, LLC, a portfolio company of the PE Fund.

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About MVC Capital, Inc.

MVC Capital (MVC) is a business development company traded on the New York Stock Exchange that provides long-term debt and equity investment capital to fund growth, acquisitions and recapitalizations of companies in a variety of industries. For additional information about MVC, please visit MVC's website at www.mvccapital.com.

Safe Harbor Statement and Other Disclosures

The information contained in this press release contains forward-looking statements, including with respect to the continuation of share repurchases by the Company as currently intended. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements, including, among other things: the Company's ability to continue to repurchase shares and to complete the \$10 million repurchase program; MVC Capital's ability to deliver value to shareholders and execute its yield investment strategy; the ability to pay and grow shareholder distributions; the ability to maintain expenses; the ability to improve net operating income; the performance of MVC Capital's investments, including, portfolio companies in which the Company invested this past quarter; and changes in economic or financial market conditions and other factors that are enumerated in the Company's periodic filings with the Securities and Exchange Commission. MVC Capital disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release.

The press release contains unaudited financial results. For ease of review, we have excluded the word "approximately" when rounding the results.

There can be no assurance that future dividend payments will match or exceed historic ones, or that they will be made at all. This press release is for informational purposes only and is not an offer to purchase or a solicitation of an offer to sell shares of MVC's common stock. There is no assurance that the market price of MVC's shares, either absolutely or relative to net asset value, will increase as a result of any share repurchases, or that the program will enhance shareholder value over the long-term. There can be no assurance that MVC will achieve its investment objective.

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¹ Leverage at the time of underwriting was based on adjusted EBITDA and may have changed from the time of underwriting. The entire loan portfolio generated by the Yielding team since Fiscal 2015 remains at under 4X as of the most recent valuation date for that portion of the portfolio.

² Based upon share repurchases settled as of January 14, 2019.



Source: MVC Capital, Inc.